

ORIGINAL

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

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POSTAL RATE COMMISSION
OFFICE OF THE SECRETARY

Special Services Fees and Classifications) Docket No. MC96-3

OFFICE OF THE CONSUMER ADVOCATE
INTERROGATORIES TO UNITED STATES POSTAL SERVICE
WITNESS W. ASHLEY LYONS
(OCA/USPS-T1-16-18)
(July 19, 1996)

Pursuant to sections 25 and 26 of the Rules of Practice of the Postal Rate Commission, the Office of the Consumer Advocate hereby submits interrogatories and requests for production of documents. Instructions included with OCA Interrogatories 1-4 to the United States Postal Service dated June 19, 1996, are hereby incorporated by reference.

Respectfully submitted,



GAIL WILLETTE
Director
Office of the Consumer Advocate



DAVID RUDERMAN
Attorney

OCA/USPS-T1-16. In your testimony at 1, you indicate that the overall objectives of Docket No. MC95-1 "were classifications that better reflect[ed] both cost and demand considerations."

Your testimony at 2 states,

Specific pricing reform objectives include more market-based prices, more equitable contributions from the services to institutional costs

Your testimony at 11 states,

The proposed changes in this filing that would significantly increase net income are supported by the Board's policy objectives with regard to equity restoration.

The Postal Service's Docket No. MC96-2 Request for a Recommended Decision on the Further Classification Reform of Preferred Rate Standard Mail and Periodicals states,

The statutory target cost coverage goal and the contribution neutrality goal were established because this Request is not intended to be a revenue case, nor an opportunity to challenge, change, or improve on the Commission's conclusions drawn from the record in Docket No. R94-1. . . . The Postal Service is also hopeful that, by using a contribution neutral approach, the Postal Service, the Commission and the parties to this case can avoid the inter-class cost coverage disputes that generally occur in omnibus revenue cases.

At 4-5.

Since Docket No. MC96-3 is not revenue neutral and contributions from services to institutional costs have been

changed by the Postal Service, to the best of your knowledge and information, does the Postal Service view this filing as:

- (1) A revenue case,
- (2) Solely a classification case,
- (3) A revenue and classification case, and/or
- (4) An opportunity to challenge, change or improve on the Commission's conclusions drawn from the record in Docket No. R94-1?

In your response, please address each listed item.

OCA/USPS-T1-17. Your testimony at 1 states,

Reforms of expedited and parcel classifications are under development, and in the future proposals for other reforms will follow.

- a. Will the expedited and parcel classification reform proposals be net revenue neutral, or will they be designed to increase net revenues?
- b. To your knowledge, what base and test year will be used in the expedited and parcel classification reform proposals?
- c. When will the Postal Service file the expedited classification proposal?
- e. When will the Postal Service file the parcel classification proposal?

- f. To the best of your ability, please identify other reform proposals that are anticipated to follow. In addition to indicating whether future filings are expected to be revenue neutral, provide added net revenues, and/or improve contributions resulting from the reforms proposed, identify the base and test year for each contemplated filing.

OCA/USPS-T1-18. Your testimony at 5 states,

In the past, the Postal Service has typically made rate and classifications changes as part of a set of general rate change proposals. In part, this practice was influenced by financial policy determinations, by the convenience of adjusting many rates and fees simultaneously, and by the interrelationships among costs, revenues, and volumes of all mail and special services.

- a. Based upon your testimony, does the Postal Service believe that more targeted rate and classification changes are more convenient? If your response is negative, please explain in light of the testimony cited in this interrogatory.
- b. If your response to part a of this interrogatory is affirmative, please identify for whom they are more convenient.

- c. To the best of your knowledge and information, does the Postal Service expect to file future omnibus rate cases that encompass all mail classifications?
- d. If your response to part c of this interrogatory is affirmative, please explain when and why it is ever appropriate to file a limited rate and classification case. Include in your response rationale for how a limited rate and classification case allows the inter-class cost coverage dispute to be resolved to the benefit of all.
- e. If the Commission approves the Postal Service's Docket No. MC96-3 filing in its entirety, will the inter-class cost coverages established in R94-1 change? If your response is other than an unqualified yes, please explain.
- f. To the best of your knowledge and information, does the Postal Service expect future filings of rate and classification cases to be more narrow in scope than previous omnibus rate cases?
- g. To the best of your knowledge and information, does the Postal Service anticipate future rate and classification filings to be targeted to mail classes that are not meeting the "statutory targeted cost coverage goal?" Please

identify in your response your understanding of who establishes the statutory targeted cost coverages?

- h. To the best of your knowledge and information and given the testimony cited in this interrogatory, does the Postal Service believe that more targeted rate and classification changes are possible due to changes in the interrelationships among costs, revenues, and volumes of all mail and special services? If your response is affirmative, please identify those changes and fully explain your response.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the foregoing document upon all participants of record in this proceeding in accordance with section 3.B(3) of the special rules of practice.



DAVID RUDERMAN
Attorney

Washington, DC 20268-0001
July 19, 1996